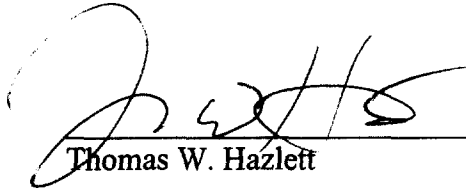


26) I, Thomas. W. Hazlett, do hereby declare that the forgoing is true and correct to the best of my knowledge and belief under penalty of perjury under the laws of the United States.

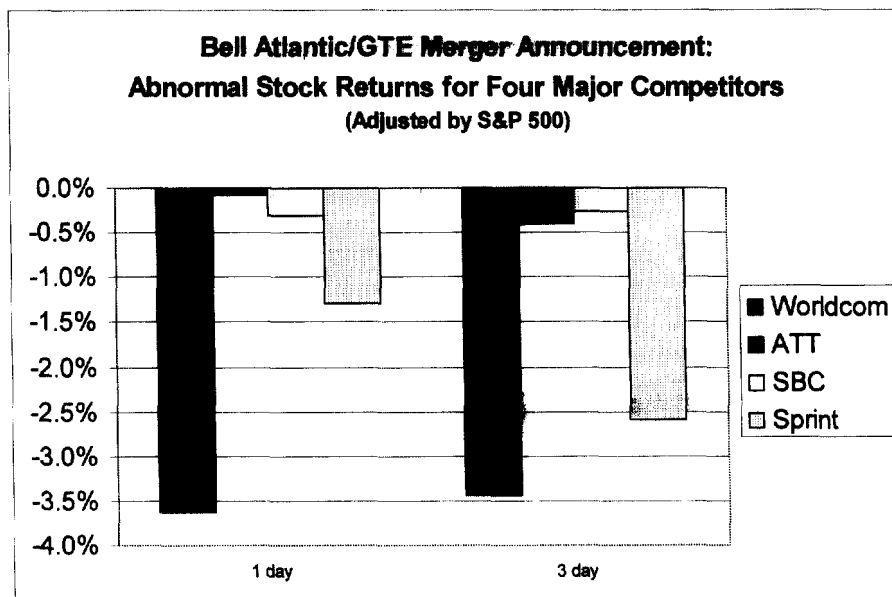


Thomas W. Hazlett

**Table 1.**  
**Bell Atlantic/GTE Merger Announcement:**  
**Stock Returns for Four Major Competitors**

	WorldCom	AT&T	SBC	Sprint	S&P 500
Window	Absolute Returns				
1 day	-5.1%	-1.6%	-1.8%	-2.8%	-1.5%
3 day	-4.8%	-1.8%	-1.6%	-3.9%	-1.4%
	Abnormal Returns (Adjusted by S&P 500)				
1 day	-3.6%	-0.1%	-0.3%	-1.3%	
3 day	-3.4%	-0.4%	-0.3%	-2.6%	

Announcement Date: July 28, 1998

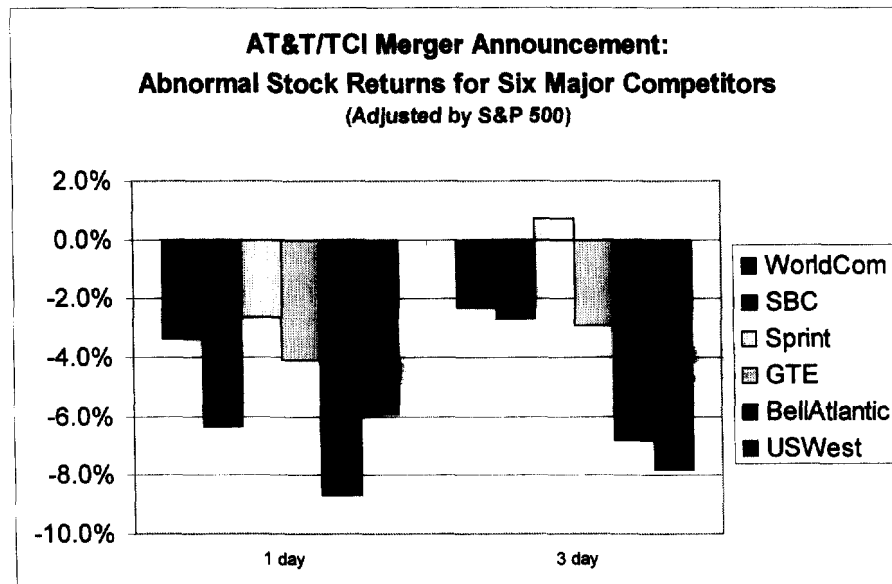


Announcement Date: July 28, 1998

**Table 2.**  
**AT&T/TCI Merger Announcement:**  
**Stock Returns for Six Major Competitors**

	WorldCom	SBC	Sprint	GTE	Bell Atlantic	US West	S&P 500
Window	Absolute Returns						
1 day	-0.7%	-3.6%	0.1%	-1.4%	-6.0%	-3.2%	2.7%
3 day	0.1%	-0.3%	3.1%	-0.6%	-4.4%	-5.4%	2.4%
-----	Abnormal Returns (Adjusted by S&P 500)						
1 day	-3.3%	-6.3%	-2.6%	-4.1%	-8.7%	-5.9%	
3 day	-2.3%	-2.7%	0.7%	-2.9%	-6.8%	-7.8%	

Announcement Date: June 24, 1998

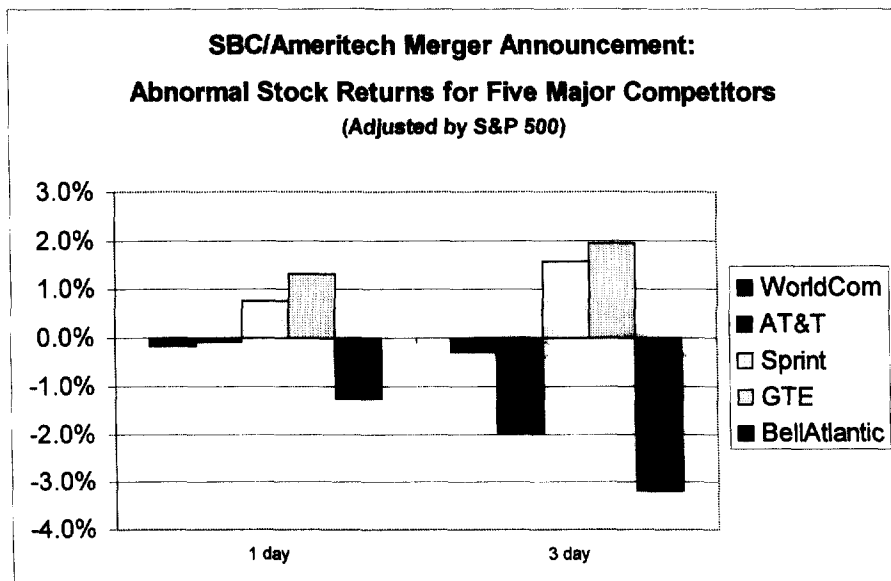


Announcement Date: June 24, 1998

**Table 3.**  
**SBC/Ameritech Merger Announcement:**  
**Stock Returns for Five Major Competitors**

	WorldCom	AT&T	Sprint	GTE	Bell Atlantic	S&P 500
Window	Absolute Returns					
1 day	-0.3%	-0.2%	0.6%	1.2%	-1.4%	-0.1%
3 day	1.6%	-0.1%	3.5%	3.8%	-1.3%	1.9%
	Abnormal Returns (Adjusted by S&P 500)					
1 day	-0.2%	-0.1%	0.8%	1.3%	-1.3%	
3 day	-0.3%	-2.0%	1.6%	1.9%	-3.2%	

Announcement Date: May 11, 1998



Announcement Date: May 11, 1998

APPENDIX 1

Thomas W. Hazlett: C.V.

October 1998

## Thomas W. Hazlett

### *Curriculum Vitae*

**Offices:**     Dept. of Ag. & Resource Econ.     American Enterprise Institute  
                 University of California, Davis     1150 17th Street, N.W.  
                 (530)752-2138     Washington, D.C. 20036  
                 (530) 752-5614 Fax     (202)862-5800  
                     (202)862-7177 Fax

**e-mail:** hazlett@primal.ucdavis.edu

**Currently:**     1998-present - Resident Scholar, American Enterprise Institute  
                 1996-present - Professor of Agricultural & Resource Economics, UC Davis  
                 1993-present - Director, Program on Telecommunications Policy, UC Davis

**Recently:**     1992-1998 - Consultant-to-the-Firm, Econ One (formerly Micronomics)  
                 1995-1996 - Visiting Scholar, American Enterprise Institute  
                 1991-1992 - Chief Economist, Federal Communications Commission  
                 1990-1991 - Visiting Scholar, Grad. School of Business, Columbia University  
                 1990-1991 - Citicorp/Wriston Fellow, Manhattan Institute for Policy Research  
                 1990-1996 - Associate Professor of Agricultural Economics, UC Davis  
                 1984-1990 - Assistant Professor of Agricultural Economics, UC Davis

**Degree:**     Ph.D., UCLA, 1984 (Economics)

#### **Fields of Specialization:**

Research:     Applied Price Theory, Public Choice, Telecommunications Policy  
Teaching:     Microeconomics, Corporate Finance, Regulation, Law & Economics  
                 Received "Outstanding Lecturer Award," U.C. Davis Dept. of ARE (1997-98)

#### **Related Experience:**

Lecturer in Economics, California State University, Fullerton, 1980-84  
Senior Editor, *Manhattan Report on Economic Policy*, 1981-1986  
Contributing Editor, *Harper's Magazine*, 1984  
Contributing Editor, *Reason Magazine*, 1984-present  
Commentator, "Byline," syndicated to 200 radio stations by the Associated Press, 1985-89  
Economics Commentator on "Marketplace," National Public Radio, 1989-1990  
Contributing Correspondent to *The Economist* (of London), 1988-1991  
Editorial Board, *Contemporary Policy Issues* (Western Economic Association), 1988-1992  
Monthly Columnist, "Selected Skirmishes," *Reason Magazine*, 1989-present

**Current Affiliations:**

Applied Public Policy Research Group, Institute of Governmental Affairs (UC Davis)  
Member, Giannini Foundation (UC Berkeley)  
Academic Advisory Board, Institute for Justice (Washington, D.C.)  
Academic Advisory Board, Consumer Alert (Washington, D.C.)  
Member, Mont Pelerin Society  
Senior Research Fellow, Columbia Institute for Tele-Information (Columbia University)  
Adjunct Scholar, Cato Institute (Washington, D.C.)  
Senior Fellow, Liberal Institute (Prague, Czech Republic)  
Member, American Economics Association, American Law & Economics Association, Southern  
Economics Association

**Books:**

Public Policy Toward Cable Television, Volume I: The Economics of Rate Controls, co-authored  
with Matthew Spitzer, (Cambridge, MA: M.I.T. Press, November 1997).

Public Policy Toward Cable Television, Volume II: Regulation and the First Amendment, co-  
authored with Matthew Spitzer (work in progress).

The Political Economy of Radio Spectrum Allocation (work in progress).

**Research Articles:**

"Competition vs. Franchise Monopoly in Cable Television," in *Contemporary Policy Issues IV*  
(April 1986), 80-97.

"Public Policy and the Telecommunications Revolution," *Contemporary Policy Issues IV* (April  
1986), 52-53.

"Is Antitrust Anticompetitive?" *Harvard Journal of Law and Public Policy IX* (Spring 1986),  
277-336.

"Private Monopoly and the Public Interest: An Economic Analysis of the Cable Television  
Franchise," *University of Pennsylvania Law Review 134* (July 1986), 1335-1409.

"The Role of Property Rights in the Positive Theory of Monopoly," *Managerial and Decision  
Economics 8* (September 1987), 201-212.

"The Policy of Exclusive Franchising in Cable Television," *Journal of Broadcasting and Electronic Media* 31 (Winter 1987), 1-20.

"Economic Origins of Apartheid," *Contemporary Policy Issues* VI (October 1988), 85-104.

"The Fairness Doctrine and the First Amendment," *The Public Interest* 96 (Summer 1989), 103-116.

"Duopolistic Competition in CATV: Implications for Public Policy," *Yale Journal on Regulation* VII, No. 1 (Winter 1990), 65-119.

"A Reply to Regulation and Competition in Cable Television," *Yale Journal on Regulation*, VII, No. 1 (Winter 1990), 141-48.

"The Rationality of U.S. Regulation of the Broadcast Spectrum," *Journal of Law & Economics*, XXXIII (April 1990), 133-175.

"Rent-Seeking in the Telco/Cable Cross-Ownership Controversy," *Telecommunications Policy* 14 (October 1990), 425-433.

"The Demand to Regulate Franchise Monopoly: Evidence from CATV Rate Deregulation in California," *Economic Inquiry* XXIX (April 1991), 275-296.

"The Political and Economic Motivation for Antitrust Legislation: The Sherman Act Re-examined," *Economic Inquiry* XXX (April 1992), 263-276.

"The Cost of Rent Seeking: Evidence from the Cellular Telephone License Lotteries" (with Robert J. Michaels), *Southern Economic Journal* (January 1993), 425-35.

"Telco Entry Into Video," *Annual Review of Communications* 1994-95, International Engineering Consortium (1995), 212-28.

"Predation in Local Cable Television Markets," *Antitrust Bulletin* XL (Fall 1995), 609-44.

"Cable Television Rate Deregulation," *International Journal of the Economics of Business* 3 (No. 2, 1996), 145-63.

"Explaining the Telecommunications Act of 1996: Comment on Thomas G. Krattenmaker," 29 *Connecticut Law Review* (Fall 1996), 217-42.

"Was the Fairness Doctrine a 'Chilling Effect'? Evidence from the Post-Deregulation Radio Market" (with David Sosa) *Journal of Legal Studies* XXVI (January 1997), 307-29.

"'Chilling' the Internet? Lessons from FCC Regulation of Radio Broadcasting" (with David Sosa), 3 *Michigan Telecommunications and Technology Law Review* (1997), available online at: <http://www.law.umich.edu/mttlr/>.

"Physical Scarcity, Rent-Seeking and the First Amendment," *Columbia Law Review* 97 (May 1997), 905-44.

"Prices and Outputs Under Cable TV Reregulation," *Journal of Regulatory Economics* 12 (September 1997), 173-95.

"The Dual Role of Property Rights in Protecting Broadcast Speech," *Social Philosophy & Policy* 15 (Summer 1998), 176-208.

"Oak Leaves and the Origins of the 1927 Radio Act: Comment" *Public Choice* 95 (June 1998), 277-85.

"Occupational Licensing and the Transition from Welfare to Work" (with Jennifer Fearing) *Journal of Labor Research* (forthcoming, 1998).

"Competition Between Government Agencies: OMB Forecasts Before and After CBO" (with Lorraine Egan), *Journal of Economic Behavior and Organization* (forthcoming, 1998).

"Spectrum Flash Dance: Eli Noam's Proposal for 'Open Access' to Radio Waves," the *Journal of Law & Economics* (forthcoming, October 1996).

"Assigning Property Rights to Radio Spectrum: Why Did FCC License Auctions Take 67 Years?" *Journal of Law & Economics* (forthcoming, October 1998).

### **Book Chapters & Other Essays:**

"The Curious Evolution of Natural Monopoly Theory," in Robert Poole, Jr., (ed.), Unnatural Monopolies: The Case for Deregulating Public Utilities (Lexington, MA: Lexington Books, 1985).

"Private Contracting vs. Public Regulation as a Solution to the Natural Monopoly Problem," in Robert Poole, Jr., (ed.), Unnatural Monopolies: The Case for Deregulating Public Utilities (Lexington, MA: Lexington Books, 1985).

"The Economics of Discrimination in Rent Controlled Housing Markets," in Issues in Housing Discrimination (Washington, D.C.: United States Commission of Civil Rights, 1985).

"Razing Keynes," Chapter One in Morgan O. Reynolds, ed., W. H. Hutt: An Economist for the Long Run (Chicago: Henry Regnery, 1986).

"Wiring the Constitution for Cable," *Regulation* 12 (Number 1, 1988), 30-34; summarized as "Unwiring Cable" in *The Wilson Quarterly* XII (Winter 1988), 26-27.

"Cabling America: Economic Forces in a Political World," in Cento Veljanovski, ed., Freedom in Broadcasting (London: Institute of Economic Affairs; 1989), 208-223.

"Taxing Entrepreneurs: Models and Reality," in Bös and Felderer, eds., The Political Economy of Progressive Taxation (Berlin-Heidelberg: Springer, 1989), 145-147.

"Competition Policy in Cable Television," *Regulatory Reform III* (Industry Regulation Committee of the ABA Section of Antitrust Law; May 1990), 7-15.

"Should Telephone Companies Provide Cable TV?," *Regulation* 13 (Winter 1990), 72-80.

"CATV: The Impact of Deregulation and the Emerging Technology." In Martin Elton, ed., Integrated Broadband Networks (Amsterdam: Elsevier; May 1991), 247-263.

"Telecommunications: Starting the Next Century Early," in David Boaz and Edward H. Crane (eds.), Market Liberalism: A Paradigm for the 21st Century (Washington, DC: Cato Institute, 1993), 129-146.

"Cable Re-regulation: What You Didn't See on C-SPAN," *Regulation* (Spring 1993).

"The Political Economy of Apartheid," in D. R. Henderson, ed., Fortune Encyclopedia of Economics (August 1993), 97-104.

"Rate Regulation and the Quality of Cable Television," chapter in William Lehr, ed., Quality and Reliability in Telecommunications Infrastructure (1995).

"What To Do About Telecoms," *Jobs & Capital* (Fall 1995), 33-38.

"Federal Pre-emption of Local Regulation of Cable Television," Chapter 23 in James Hickey, Jr. and Alexej Ugrinsky, eds., Government Structures in the USA and the Sovereign States of the Former USSR (1996), 247-55.

"Bottom-Up Privatization: The Czech Experience," Chapter 7 in Terry Anderson and P.J. Hill, eds., The Privatization Process: A Worldwide Perspective (1996), 97-114.

"Market Failure in Broadcast Regulation," Ch. 6 in R. Corn-Revere, ed., Rationales and Rationalizations (Washington, D.C.: The Media Institute; 1997), 151-182.

"Is the 'Public Interest' in the Public Interest?," in Donald L. Alexander, ed., Telecommunications Policy: Have Regulators Dialed the Wrong Number? (1997), 49-74.

### **Articles Submitted or In-Progress:**

"Sham Regulation As An Equilibrium Political Solution in FCC Broadcast Licensing," work-in-progress (June 1996).

"The Fallacy of Regulatory Symmetry: An Economic Analysis of the 'Level Playing Field' in Cable TV Franchising Statutes" (with George Ford), submitted to the *Journal of Economic Management & Strategy* (May 1996), under revision for resubmission.

"The Effect of Rate Regulation on Mean Returns and Nondiversifiable Risk: The Case of Cable Television," with Arthur Havenner, being revised for resubmission to the *Rand Journal of Economics*, July 1998).

"Liberalizing Radio Spectrum Policy" (October 1997).

"DOS Kapital: Has Antitrust Action Against Microsoft Created Value in the Computer Industry?" with George Bittlingmayer, paper presented at the American Economic Association annual meetings, Chicago, Illinois (January 1998); being revised for resubmission to the *Journal of Financial Economics* (August 1998).

### **Special Teaching Assignments/Lectures:**

"The Economic Way of Thinking," Foundation for Teaching Economics, Prague, Czechoslovakia (September 1991).

"The Economic Way of Thinking," Foundation for Teaching Economics, Prague, Czechoslovakia (August 1992).

"The Economic Way of Thinking," Foundation for Teaching Economics, Budapest, Hungary (September 1992).

"Economic Challenges for the Next Four Years," A Conference for Journalists presented by the Foundation for American Communications, Los Angeles, California (January 1993).

Ministry of Post & Telecommunications Institute, lecture program arranged by Columbia Institute on Tele-Information, Tokyo, Japan (March 1993).

"Nafta, Gatt and Other Four-Letter Words," An economics conference for journalists presented by the Foundation for American Communications, San Diego, California (December 1993).

Institute on Economics for Journalists presented by the Foundation for American Communication, funded by Ford Foundation, Tomales Bay, California (July 1994).

Ministry of Post & Telecommunications Institute, (program arranged by Columbia Institute on Tele-Information), Tokyo, Japan (December 1994).

"The New Congress and the Economy," An economics conference for journalists presented by the Foundation for American Communication, University of Georgia (May 1995).

Institute on Economics for Journalists presented by the Foundation for American Communications, Tomales Bay, California (July 1995).

Center for Market Processes, Congressional Staff Briefing on the economics of regulation, Williamsburg, Virginia (August 1995).

"Spectrum Management," Columbia University's Third Annual International Training Conference for Telecommunications Regulators, New York, New York (November 1995).

"Economics and the '96 Elections," Economics Conference for Journalists presented by the Foundation for American Communications, Greenbrier, West Virginia (April 1996).

Institute on Economics for Journalists presented by the Foundation for American Communications, Jackson Hole, Wyoming, (August 1996).

"Economics for Leaders," Lectures to High School Economics Teachers, Foundation for Teaching Economics, Babson College, Wellesley, Massachusetts (July 1997).

Institute on Economics for Journalists presented by the Foundation for American Communications, Tomales Bay, California (August 1997).

The Stranahan Lecture, University of Toledo School of Law (October 1997)

Distinguished Pantaleon/Concepcion Chair, Universidad Francisco Marroquin, Guatemala (October 1997).

### **Monographs:**

"Cable Television and the First Amendment: Bartering with the Public Interest," (Washington, D.C.: The Media Institute, 1987).

"Residential Community Associations as Alternative Providers of Public Services," (Berkeley: California Policy Seminar, July 1988).

"Perspectives of Regulators," in Regulating Chemicals: The Quandary in Public Policy, Report of the Public Policy and Regulations Study Group for the 1987-88 Study on "Chemicals in the Human Food Chain: Sources, Options and Public Policy," University of California Agricultural Issues Center (1988), pp. 28-33.

"Cable vs. Telcos: Technology Shaping Emerging Policy Options," Cable TV and News Media Law & Finance, VII (no. 3; May 1989), pp. 1, 5.

"The Political Economy of Rent Control in California," Reason Foundation monograph (November 1991).

"The Effect of U.S. Sanctions on South African Apartheid." Institute of Governmental Affairs, UC Davis (April 1992).

"The Political Economy of Radio Spectrum Auctions," Working Paper No.1, Program on Telecommunications Policy, Institute of Governmental Affairs, UC Davis, June 1993.

"Market Power in the Cellular Telephone Duopoly," study submitted to the Federal Communications Commission by the Time Warner Telecommunications, August 1993.

"Errors in the Haring-Jackson Analysis of Cellular Rents," report submitted to the Federal Communications Commission by the National Cellular Resellers Association, January 1994.

"Regulating Cable Television Rates: An Economic Analysis," Working Paper No.3, Program on Telecommunications Policy, Institute of Governmental Affairs, U.C. Davis, July 1994.

"Regulating the Digital Explosion," Briefing Paper for Journalists in *Quill Magazine* (April 1995).

"'Chilling' the Internet? Lessons from FCC Regulation of Radio Broadcasting," with David Sosa, *Cato Institute Policy Analysis No. 270* (19 March, 1997).

### **Refereed or Reviewed Manuscripts for:**

*Journal of Industrial Economics, Economic Inquiry, Journal of Law & Economics, Contemporary Economic Policy, California Agriculture, Journal of Economics & Management Strategy, Journal of Law, Economics & Organization, Journal of Broadcasting & Electronic Media, Journal of Economic History, Journal of Regulatory Economics, Business History Review, Managerial and Decision Economics, Southern Economic Journal, Manhattan Institute for Policy Research, Smith-Richardson Foundation, Harcourt-Brace, M.I.T. Press, Federal Trade Commission, Congressional Budget Office.*

### **Consulting (formal and informal):**

Telus, Pacific West Cable Company, Preferred Communications, Century Cable, Group W, Telesat Cablevision, Norwest Communications, Total TV, Montgomery Cable and Entertainment, Ohio Bell, Wireless Cable Association, Competitive Cable Association, U.S. Telephone Association, AT&T Wireless, Western Wireless, NewsCorp, FoxTel, Cablevision Systems, CBS, Pacific Telesis, U.S. West, Bell Atlantic, Bell South, Ameritech, Southwest Bell, Nynex, Time Warner Telecommunications, Coastal Cable, Southern New England Telephone, McClatchy Enterprises, Viacom, Tandem Computers, Guatel, White House Office of Policy, White House Council of Economic Advisers, U.S. Department of Justice, Federal Trade Commission, Federal Communications Commission, the National Telecommunications and Information Administration, Republic of El Salvador, Congressional Budget Office, County of Santa Cruz, the California Department of Justice, California Governor's Office, Progress & Freedom Foundation, Alliance for Public Technology, Common Cause, the California Board of Equalization, the U.S. House Commerce Committee staff, and the U.S. Senate Commerce Committee staff.

### Oral Testimony:

Before the Joint Economic Committee of Congress on the subject of urban enterprise zones, October 1981.

Before the California Public Broadcasting Commission on the subject of cable television deregulation, February 1982.

Before the Compton, California City Council, on the subject of enterprise zones, October 1982.  
Before the Pacific Grove, California City Council, on the subject of local land-use regulations, February 1984.

Before the Federal Competition Board, Republic of South Africa, on the subject of monopoly and industrial concentration, June 1985.

Before the U.S. Commission on Civil Rights, on the subject of housing market discrimination, November 1985.

Before the Santa Cruz, California City Council, on the subject of municipal franchising of cable television, November 1985.

Before the U.S. District Court for Northern California, in Pacific West v. Sacramento, regarding franchise monopoly in cable television, April/May 1987.

Before the U.S. District Court for Minnesota, in Norwest Communications v. St. Paul, regarding franchise monopoly in cable television, May/June 1988.

Before the Florida State House of Representatives on cable television franchising legislation, March 1991.

Before the U.S. District Court for Northern California, in Pacific West v. Sacramento Cable Television, on predatory behavior in cable competition, April 1991.

Before the Advisory Council on the National Information Infrastructure, U.S. Department of Commerce, Washington D.C., February 1994.

Before the California Superior Court, Sacramento County, in Coleman et al. v. Sacramento Cable Television, regarding price discrimination and cable competition, March, May 1994.

Before the U.S. Senate, Committee on Commerce, Science and Transportation, regarding the use of auctions for High Definition Television licenses, September 1995.

Before the Federal Communications Commission, En Banc hearing on Spectrum Allocation, March 1996.

Before the U.S. Senate Budget Committee, regarding auctioning digital television licenses, March 1996.

Before the U.S. Senate, Committee on Commerce, Science and Transportation, regarding spectrum regulatory policy, March 1996.

Before members of the Guatemalan Congress, regarding telecommunications policy reform legislation, September 1996.

Before Federal Bankruptcy Court (Dallas, Texas) regarding the Personal Communications Service license auctions conducted by the Federal Communications Commission (April 1998).

### **Book Reviews and Op-Eds:**

Review of Paul Craig Roberts' The Supply-Side Revolution in *The American Spectator* (August 1984).

"Slinky Plan for Sticky Wages," review of Martin Weitzman's The Share Economy in the *Wall Street Journal* (20 May, 1985).

"Animal Rights, Animal Crackers," *Wall Street Journal* (7 August, 1985).

"Why Cable TV Needs a Free Market," ~~New York Times~~ (17 November, 1985).

"Lose a Billion--Get a Check," review of Robert Reich and John Donahue, New Deals: The Chrysler Revival and the American System in *Reason Magazine* (December 1985).

"Those Catchwords of Cable," *Wall Street Journal* (25 April, 1986).

"Kinnoek's Crowning Cheek on Apartheid," *Wall Street Journal* (31 December, 1986).

"Economic Sanctions May Actually Help South Africa's Apartheid," *Chicago Tribune* (26 February, 1987).

"Sanctions: Hurting South Africa, Helping Apartheid," *San Francisco Chronicle* (4 March, 1987).

"Ma Bell's Disconnect," review of Steve Coll's, The Deal of the Century: The Break-Up of AT&T in *Reason Magazine* (May 1987), pp. 51-54.

"The Unfairness Doctrine," review of Lucas A. Powe, Jr.'s American Broadcasting and the First Amendment, *Wall Street Journal* (June 4, 1987).

"The Fairness Doctrine was Never Quite Fair," *Los Angeles Times* (4 October, 1987).

"Making Money Out of the Air," *New York Times* (2 December, 1987).

"Ingredients of a Food Phobia," *Wall Street Journal* (5 August, 1988).

"Negative Icons Nose to Nose on 'Geraldo,'" *Wall Street Journal* (8 November, 1988).

"Economist! Drama! Prose!," review of George J. Stigler's Memoirs of an Unregulated Economist, *Reason Magazine* (May 1989), pp. 53-55.

"Wired: The Loaded Politics of Cable TV," *The New Republic*, 200, No. 22 (May 29, 1989), pp. 11-13.

"Raiders of the Lost Park," *Wall Street Journal* (14 September, 1989).

"Bushels of Dough," review of James Bovard's The Farm Fiasco, *Wall Street Journal* (21 September, 1989).

"The Unbelievable LBJ," review of Robert A. Caro's Means of Ascent, *Wall Street Journal* (8 March, 1990).

"Who's Behind the Cable Scam?," *Wall Street Journal* (30 March, 1990).

"Dial 'G' for Giveaway," *Barron's* (4 June, 1990).

"For Cable TV, Rerun of a Horrow Show," *New York Times* (8 August, 1990).

"Static Interference," review of William B. Ray's FCC: The Ups and Downs of Radio-TV Regulation, *Reason* (February, 1990), pp. 55-57.

"One Man, One Share: How to Privatize South Africa," *The New Republic* (31 December, 1990), pp. 14-15.

"Did Sanctions Matter?" *New York Times* (22 July 1991).

"In Cable War, Consumers Get Snagged," *Wall Street Journal* (2 October 1992).

"The Forgotten Continent," review of George B. N. Ayitteh's, Africa Betrayed, *Wall Street Journal* (17 March 1993).

"Why Your Cable Bill Is So High," *Wall Street Journal* (24 September, 1993).

"How Home Shopping Became King of Cable," *Wall Street Journal* (14 July, 1994).

"Strike Out: Economic Logic Loses in Baseball Strike," *Chicago Tribune* (16 September, 1994).

"Spectrum Auctions -- Only a First Step," *Wall Street Journal* (20 December, 1994).

"Station Brakes: The Government's Campaign Against Cable Television," *Reason* (February 1995), pp. 41-47.

"How Washington 'Saved' Us From Cable," *Wall Street Journal* (23 March, 1995), p. A14.

"The Czech Miracle: Why Privatization Went Right in the Czech Republic," *Reason* (April 1995), pp. 28-35.

"Cable Controls: Lower Rates, Lower Quality," *Wall Street Journal* (14 July, 1995), p. A12.

"Free the Airwaves," *The American Enterprise* (March/April, 1996), pp. 71-2.

"The 'Public Interest' Fraud," *Wall Street Journal* (6 May, 1996), op-ed page.

"Industrial Policy for Couch Potatoes," *Wall Street Journal* (7 August, 1996), A-14.

Review of Thomas Streeter's Selling the Air, *Journal of Economic Literature* XXXV (September 1997), 1411-12.

"Velvet Devolution: What's Really Happening in the Czech Republic," *Reason* (March 1998).

"As Microsoft Goes, So Goes the Computer Industry," with George Bittlingmayer, *Wall Street Journal* (26 May, 1998), A14.

**Other General Circulation Articles, Columns, Reviews and Interviews**

have appeared in such publications as the *New York Times*, *Wall Street Journal*, *Chicago Tribune*, *USA Today*, *International Herald-Tribune*, *San Francisco Chronicle*, *Detroit News*, *Sacramento Bee*, *Oakland Tribune*, *Orange County Register*, *Reader's Digest*, *Reason*, *National Review*, *Inquiry*, *Policy Report*, *Across-The-Board*, *Policy Review*, *Chief Executive*, *UC Davis Magazine*, *Los Angeles Daily News*, *Los Angeles Times*, *Newsday*, and *The Economist* (of London).



**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
GTE CORPORATION,	)	
	)	
Transferor,	)	File No.
	)	
and	)	
	)	
Bell Atlantic Corporation,	)	
	)	
Transferee.	)	
	)	
For Consent to Transfer of Control	)	

**DECLARATION OF JEFFREY C. KISSELL**

1. I am the Vice President of National Marketing for GTE Business Development & Integration, a unit of GTE Service Corporation. As part of GTE's Business Development & Integration group, I am responsible for developing marketing programs and evaluating product performance for GTE. I was part of the original team that, in late 1996, developed GTE's competitive local exchange carrier, or "CLEC," strategy -- a strategy that led to the formation of GTE Communications Corporation ("GTECC"). GTECC was created in May 1997 to offer a full line of bundled telecommunication services to customers -- including local, long distance, wireless, and Internet -- both in and out of GTE's franchise territories. I make this Declaration in support of GTE and Bell Atlantic's statement that their merger will serve the public interest.

2. GTE's merger with Bell Atlantic will create substantial pro-competitive benefits in the market for local telephone service by greatly enhancing GTE's ability to expand into, and successfully compete in, out-of-franchise local markets. The merger will immediately create a carrier with the national footprint and greater scale efficiencies necessary to attack out-of-franchise markets on a dedicated and sustained basis. Bell Atlantic's existing relationships with large businesses will provide the merged company the opportunity to obtain several anchor customers in numerous out-of-franchise markets adjacent to existing GTE territories, reducing the substantial capital risk of creating an out-of-franchise presence. And the merged entity's greater resources will allow it to develop a national brand, accelerate the transition from providing resale to facilities-based service, and continue to invest in expensive operational platforms -- all components that are necessary to succeed as an out-of-franchise CLEC.

3. GTECC's pre-merger out-of-franchise CLEC efforts have fallen short of our original expectations. GTECC's initial goal was to be a nationwide provider of bundled services, including local service; a goal that was driven by the announcements of AT&T, MCI, Sprint, and others that they planned to market **bundled** service offerings nationally. In-franchise, GTECC targeted both consumers and small businesses. Out-of-franchise, however, the cost of acquiring and serving consumer customers was prohibitive, and GTECC did not target consumer customers out-of-franchise. Nor was it economically or strategically viable for GTECC to target large business customers in- or out-of-franchise due to GTE's lack of presence in the large business market. Thus, GTECC targeted only small to medium business customers out-of-franchise. GTECC's strategy was to provide service on a resale basis in markets near GTE

wireline or wireless franchises; almost all targeted out-of-franchise customers were located in areas near GTE's local or wireless footprint.

4. Even this modest plan ran into difficulties because it understated the cost and complexity of competitive entry. While in-franchise customers reacted favorably to the bundled offering, delivery costs turned out to be higher than expected. GTECC also encountered problems with its service platform while attempting to implement its roll-out plan: Three to four months after launch, GTECC had a large backlog of orders and was forced to curb its marketing efforts until the platform caught up. Moreover, low resale margins and higher than anticipated customer acquisition costs significantly impacted earnings. GTECC has therefore concluded that a resale strategy alone cannot succeed. Current plans call for a shift to a facilities-based strategy near-franchise, still targeting only small business customers.

5. GTECC's experience has shown that a CLEC cannot succeed in entering out-of-franchise markets without several key capabilities. *First*, a CLEC must make a substantial up-front investment in platform development because, regardless of whether a market contains one customer or a million, service cannot be provided without developing and building a new, complex set of operational platforms. *Second*, entering any additional new market requires contracting with a new set of local and wireless vendors. With each new agreement -- and there is an agreement for each vendor -- GTECC must bear the substantial expense of adding tables and back office processes to our platform. *Third*, GTECC's experience -- along with that of other CLECs -- has proven that resale margins alone, although accurately reflecting the ILECs' avoided costs, are not large enough to support a sustained out-of-franchise effort.

Because a viable out-of-franchise business must therefore provide some facilities-based services, a substantial investment in facilities is also necessary. *Finally*, because each RBOC has a strong regional brand, brand awareness must be created or significantly enhanced to compete successfully on a national basis. The merger enhances GTE and Bell Atlantic's ability to surmount all of these hurdles.

6. Unlike the big three long distance companies, who already have a customer base in each customer segment and every market in the country, GTECC has to start from ground zero when moving out-of-franchise. Thus, to justify the capital risk of its initial investments -- and to have the prospect of competing against the RBOCs and long distance companies -- GTECC needs to serve large numbers of customers (or a small number of large customers) and carry large amounts of traffic in the new markets that it enters. GTECC has little prospect of doing so in areas outside GTE's franchise territories, however, because GTE lacks both customer relationships and significant brand recognition in those areas.

7. GTE's merger with Bell Atlantic will make it possible for the combined company to enter a large number of new local markets by allowing it to build on Bell Atlantic's existing account relationships with large businesses. Many of the Nation's largest business customers are headquartered in the Bell Atlantic region and have subsidiaries or affiliates outside of Bell Atlantic's franchise. The merged entity will be able to utilize Bell Atlantic's existing relationships with these customers to sell through to their subsidiaries or affiliates in selected out-of-franchise locations. Ultimately, this will allow the merged company to offer these customers one-stop shopping for local, data, and long distance services across the United States.

8. Bell Atlantic cannot reach these customers alone because it lacks the facilities, platform capability, and marketing and distribution channels required to reach so far beyond its concentrated franchise. But many of these Bell Atlantic customers operate near GTE's franchise or in cities, like Denver and Phoenix, where GTE's new national fiber network (called the "Global Network Infrastructure" or "GNI") will have points of presence. In either case, the combined company will be able to use the business of these anchor customers in out-of-franchise CLEC markets to support the up-front platform and facilities investments required to launch and expand local services to all customer segments, including small businesses and residential customers.

9. Once the merged company acquires a share of this base of customers -- allowing it to use that base to recover the largely fixed investment in platform upgrades and new facilities -- consumer and small business customers can be targeted on an economical and sustained basis. In short, the merged entity will be able to leverage Bell Atlantic's in-franchise customer relationships and brand awareness with large business customers -- a segment in which GTE alone has little presence -- to build a stable, sustainable, and growing account presence in new out-of-franchise CLEC markets.

10. The merger will also enable GTECC to compete much further out-of-franchise than it otherwise could. For example, in both Denver and Phoenix, there are significant clusters of customers currently served by the local RBOCs, but with whom Bell Atlantic also has a relationship in its own territory. Although GTE does not have any territory nearby, the GNI will have points of presence in both Denver and Phoenix. Bell Atlantic's